

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
FEBRUARY 25, 1997
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on February 25, 1997 in the auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120.

The following Board Members were present: J. Thomas Johnson, Chairman; and Members William B. Browder, Byron G. Cudmore, Gayl S. Pyatt and Robert F. Vickrey.

Also in attendance were: Administrator Michael A. Belletire, Deputy Administrators Joseph C. Haughey, Kevin Lockhart and Thomas Swoik, Deputy Legal Counsel Mac Ryder, other members of the staff, the media, the general public and interested parties.

Chairman Johnson called the meeting to order at 8:00 a.m. Member Cudmore moved **that the Board retire to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matters:**

- 1. Issues Concerning Applicants and Licensees**
- 2. Recommendations of Administrative Law Judges**
- 3. Pending and Probable Litigation Matters**
- 4. Investigatory Matters**
- 5. Personnel Matters**
- 6. Closed Session Minutes**

Member Pyatt seconded the motion. The Board adopted the motion by unanimous consent.

The Board reconvened in Open Session at 12:00 p.m.

Member Vickrey called the open meeting to order. He stated that Chairman Johnson had to leave on other business at 9:30 a.m. Mr. Vickrey stated that in the absence of the Chairman the first order of business is to elect a chair for the meeting.

Member Browder moved **that Member Vickrey be elected to chair the February 25, 1997 meeting of the Illinois Gaming Board.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Board Minutes

Member Cudmore moved **that the Board approve the minutes from the open and closed sessions of the January 28, 1997 regular meeting.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Chairman's Report

Due to Chairman Johnson's absence no report was given.

Administrator's Report

Administrator Belletire summarized the following monthly statistical reports: Adjusted Gross Receipts, Underage Patrons, Cruise Disruptions/Cancellations, Credit Issuance and Internal Control System changes.

Administrator Belletire reported: that a status on legislation and agency rules would be given under the Board Policy Items later in the meeting but noted that SB 808, the Board's legislative initiative, was introduced during this legislative session; Mareile Cusack was unable to be present at today's meeting - Mac Ryder will act in her stead; Hollywood Casino Corporation formulated a new corporate subsidiary - HWCC-Aurora Management, Inc. which will become a general partner with Pratt Management, L.P.; and, the Administrator approved an additional shareholder loan for HP, Incorporated.

Administrator Belletire also informed the Board that he was contacted by the National Transportation Safety Board ("NTSB") for information related to incidents or accidents involving riverboat gambling vessels. This inquiry came from NTSB staff investigating the recent New Orleans barge accident. Staff compiled the information and forwarded a response to NTSB.

Owner Licensees Items

SOUTHERN ILLINOIS RIVERBOAT CASINO CRUISES, INC. ("SIRCC") - Mike Ficaro and Patrick Madamba, representing SIRCC/Players International, Inc., requested initial consideration for a renegotiation of a credit agreement due to the sale of Player's Mesquite, Nevada property.

Mike Ficaro, representing SIRCC, requested renewal of their owner's license. Mr. Ficaro introduced several members of the SIRCC/Player's staff and outlined for the Board the presentation to be made.

Mike Crider, General Manager and Vice President of SIRCC, discussed how SIRCC is meeting tourism and economic development goals. Mr. Crider stated that SIRCC is actively involved in various civic and tourism related organizations within the community. The Metropolis area has seen a continued growth in hotel rooms, an increase from 150 to over 300 hotel rooms. Eighty additional rooms are scheduled to open in 1997. Various businesses have opened since SIRCC came to Metropolis such as fast food chains and a fitness center, and the future expansion of two local car dealerships is expected. Mr. Crider stated that SIRCC is providing leadership within the community and will continue to do so.

Jeff Pfeiffer, Vice President of Marketing, discussed Player's marketing strategy, the results of that plan and how Players is turning revenues around. Mr. Pfeiffer reported that 23 percent of customers are first time visitors and 80 percent come from outside the State of Illinois. Mr. Pfeiffer stated that Player's marketing strategy is a total property concept built on identifying and rewarding patrons and providing superior customer service.

Jeanne Moller, Construction Manager for Players, and Leslie LeBon, Architect and Project Manager for Wimberly, Allison, Tong & Geo ("WATG") architects, discussed the construction plans for the SIRCC site in Metropolis. Ms. LeBon explained SIRCC's plans to initiate a four phase project to improve visibility, public access and patron service.

Administrator Belletire recommended renewal of SIRCC's owner's license, and commented that SIRCC submitted a well developed application, and applauded continued efforts to upgrade the SIRCC facilities. He also commented on the potential for Players International and its major shareholders to help foster broader economic development for all of Southern Illinois.

Howard Goldberg, President & CEO of Players and President of SIRCC, emphasized Players continued efforts to bring in attractions to increase the tourism market.

Mr. Cudmore asked about SIRCC's role in the planning conference hosted by SIRCC and organized by the City of Metropolis and the Metropolis Chamber of Commerce. Mr. Crider responded that SIRCC participated by providing information and data about SIRCC's customer base. Mr. Crider stated that the goal of the conference was to create a long range plan for the Metropolis area and to identify what type of industry could be brought in to be compatible and attract additional patronage. Mr. Cudmore asked that a copy of the city's report from the conference be submitted to the Board.

Member Pyatt commented that the Board would like to see SIRCC's continued leadership in the community and with the city officials.

In response to Member Cudmore asking for a time frame for completion of Phase I, Ms. Moller indicated a four month time period.

Member Vickrey asked Mr. Goldberg what Merv Griffin's involvement is in the entertainment vision of SIRCC's long range economic plans. Mr. Goldberg indicated that Mr. Griffin is active in the entertainment and marketing ideas.

Ms. Moller responded to Member Vickrey's questions about existing and future sites for a new vessel and land based construction. Mr. Vickrey also asked why SIRCC thinks the first time visitors rate is 23 percent. Mr. Crider indicated this figure is reflected by SIRCC seeking out new markets to replace the markets lost to competition in neighboring states. Mr. Pfeiffer stated that this figure is reflected by SIRCC's bus business which has significantly increased over the prior year.

In response to Member Vickrey asking about the competition from Tunica, Mississippi, Mr. Pfeiffer stated that Tunica is a significant competitor.

Member Pyatt moved **that the Board renew the Owner's license of Southern Illinois Riverboat Casino Cruises, Inc. ("SIRCC") for a period of one year commencing in February, 1997. In renewing this Owner's license the Board notes the following:**

1. **The Illinois Riverboat Gambling Act and Board Rules are binding upon SIRCC and its Key Persons and upon SIRCC's owner, Player's International and its Key Persons;**
2. **The Board expects SIRCC to initiate and complete all of the improvements represented to the Board as commitments or potential future development by the licensee, and, SIRCC shall present its financial proposal for all improvements to the Board before the April, 1997 Board meeting;**
3. **SIRCC shall cooperate with the Board in conducting an analysis and survey of its patron base;**
4. **Corporate officials and significant shareholders of Players International, Inc. are encouraged to meet with the Administrator to discuss efforts to help stimulate larger scale economic and tourism development; and,**
5. **The Board commends SIRCC for its efforts to stimulate broader economic development for Metropolis, Massac County and Southern Illinois.**

Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Mike Ficaro further requested approval of Patrick Madamba as a Level 1 occupational licensee.

Member Browder moved **that the Board approve Patrick Madamba as a Key Person of Southern Illinois Riverboat Casino Cruises, Inc.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

PAR-A-DICE GAMING CORPORATION ("PGC") - Donna More, representing PGC, requested renewal of their owner's license.

Donald Snyder, President of Boyd Gaming Corporation ("BGC"), gave a status report on the various properties owned and operated by BGC.

Bob Boughner, Executive Vice President & Chief Operating Officer of BGC, gave an overview of events since BGC's acquisition of PGC in December, 1996. He also outlined plans to broaden existing markets and expand into new tourism markets. Mr. Boughner

reported that occupancy rates at the Par-A-Dice Hotel have increased from 41 percent (in November, 1996) to 88 percent (in February, 1997).

Bill Boyd, Chairman and CEO of BGC, explained BGC's strategic plan for the future. Mr. Boyd stated that BGC will continue to be a growth oriented company and continue its focus on the development of the PGC property. BGC plans to improve its financial picture by strengthening the company's balance sheet and increasing shareholder value. Mr. Boyd concluded by updating the Board on the investigation of the sale of BGC's minority interest in the Treasure Chest Casino in Kenner, Louisiana. He stated that the investigation should be completed in March.

Administrator Belletire recommended PGC's owner's license be renewed and commented that BGC submitted a well developed application and commended BGC on the smooth transition of ownership.

Member Vickrey asked if the competition from Indiana has had an impact on PGC. Mr. Boughner responded that PGC has seen an impact on both admissions and gaming revenues and is concentrating its marketing strategies to bring back patrons from Indiana competitors.

Member Vickrey asked what plans BGC has to assist economic development in the East Peoria area. Mr. Boughner stated that in addition to the hotel, PGC has 10,000 square feet of meeting and banquet space which is utilized by local business and special functions that PGC hosts. Maundy Collins, General Manager of Boyd Gaming's Central Region, commented that a sports center and shopping area are being constructed in East Peoria. Member Vickrey encouraged BGC to pursue supporting additional projects within the community.

Member Browder moved **that the Board renew the Owner's license of Par-A-Dice Gaming Corporation for a period of one year commencing in February, 1997. In renewing the Owner's license, the Board notes the following:**

- 1. The Illinois Riverboat Gambling Act and Board Rules are binding upon Par-A-Dice and its Key Persons and upon Boyd Gaming Corporation and its Key Persons;**
- 2. Boyd Gaming shall honor its existing commitment to end its management agreement in Louisiana;**
- 3. Par-A-Dice shall cooperate with the Board in conducting an analysis and survey of its patron base;**
- 4. The Board encourages Par-A-Dice to continue its efforts to draw its patronage from a wide area; and**

5. The Board asks that Par-A-Dice continue its successful efforts to rely upon local and Illinois vendors.

Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

ELGIN RIVERBOAT RESORTS ("ERR") - Donna More, representing ERR, requested approval of the proposed reorganization of certain of the trusts in RBG, L.P., one of the joint venture partners in ERR.

Member Cudmore moved **that the Board approve the transfer of the ownership interests of the 11 PG Trusts in RBG Limited Partnership, the 50% partner in Elgin Riverboat Resort, into a newly created Illinois General Partnership known as PG Investors.**

In approving this transfer of ownership interest the Board directs that: (1) PG Investors shall notify the Board of any proposed changes in the ownership, distribution or management of the trusts having an ownership interest in PG Investors; and, (2) Unless otherwise determined, no such change in the ownership, distribution or management of the trusts may occur without prior Board approval.

Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Ms. More further requested approval of Sharon Peterson as the Internal Auditor of ERR.

Member Browder move **that the Board approve Sharon Peterson as a Level 1 Occupational Licensee of Elgin Riverboat Resorts.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

HOLLYWOOD CASINO AURORA, INC. ("HCA") - Richard Knight, representing HCA, requested approval of the implementation of the game of Poker.

Member Cudmore moved:

WHEREAS, on January 23, 1996, the Board adopted a resolution establishing a process for the approval of new games; and

WHEREAS, the Board has not approved Poker as an authorized game;

NOW THEREFORE BE IT RESOLVED THAT the Board approves Poker as an authorized game and that Poker be added to the Administrator's list of Board approved games;

BE IT FURTHER RESOLVED that the Board hereby delegates authority to the Administrator to approve requests from each individual Owner licensee to offer the game of Poker, or any variation thereof, on its premises. The Administrator's approval shall be subject to the following requirements:

- 1. Each Owner licensee shall obtain the approval of the Administrator prior to offering any Poker game or variation thereof on its premises;**
- 2. Each Owner licensee shall establish an internal control system for Poker and any variation thereof approved by the Administrator prior to commencing play;**
- 3. Each Owner licensee shall include, in their internal control system, a standard by which revenue is derived from the game either by percentage or incremental assessment, subject to the approval of the Administrator in consultation with the Members of the Board;**
- 4. Each Owner licensee shall develop and adopt a set of official Poker rules to ensure that any and all events arising during the play of the game are handled in a consistent and fair manner;**
- 5. Poker and any variation thereof shall be played in a segregated gaming area to lessen the possibility of interference and collusion;**
- 6. Each Owner licensee shall clearly post, in the area where Poker is played, the following warnings: (a) no shills, proposition players or house-staked agents are permitted in the gaming area where Poker or any variation thereof is being played; (b) Neither collusion among patrons nor team play is permitted in Poker or any variation thereof; and (c) Any person who engages in collusion or team play shall be subject to eviction, prosecution or both;**
- 7. Owner licensees must provide continuous surveillance for each table and gaming area where Poker or any variation thereof is played. Such surveillance must be approved by Staff;**
- 8. Each Owner licensee offering Poker or any variation thereof must fully cooperate with Staff in monitoring all activities and in reporting any and all disputes and deviations from its Internal Control System; and**
- 9. Each Poker table shall comprise five gaming positions.**

Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

CASINO ROCK ISLAND ("CRI") - Ron Wicks, representing CRI, requested approval of the transfer of certain shares of D. James Jumer to his children.

Member Browder moved **that the Board approve the transfer of a total of 6% of the outstanding stock of the Rock Island Boatworks, Inc. to Sylvia M. Wicks, James F. Jumer and John A. Jumer; and in so doing the Board also approves Sylvia M. Wicks, James F. Jumer and John A. Jumer as Key Persons/Owners of Casino Rock Island.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Supplier Licensees Items

UNITED STATES PLAYING CARD COMPANY - William Johnston and Markus Leuker, representing U.S. Playing Card Company, requested renewal of their supplier's license.

Member Browder moved **that the Board approve United States Playing Card Company's application for renewal of its Supplier's license for a period of four years expiring February, 2001.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

GDC, INC. - Cory Aronovitz, representing GDC, requested renewal of their supplier's license.

Member Cudmore moved **that the Board approve GDC's application for renewal of its Supplier's license and issue a restricted license for a period of one year expiring February, 1998. In issuing this restricted one year license to GDC, the Board requires the following:**

1. **GDC shall adhere to the requirements of the Act and Board rules concerning the submission of timely quarterly reports;**
2. **GDC shall adhere to the requirements of Board rules that all tokens delivered to Illinois Owner licensees have been approved by the Administrator of the Illinois Gaming Board and the Owner licensee prior to the delivery of the tokens to the Owner licensee;**
3. **GDC shall adhere to the requirements of Board rules to prevent the co-mingling of foreign tokens;**
4. **GDC shall provide a written report to Staff detailing the measures GDC has adopted or will adopt to improve the company's controls over its product and inventory and the general security of its manufacturing facility.**

Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

PROGRESSIVE GAMES, INC. ("PGI") - Lloyd Levenson, representing PGI, requested renewal of their supplier's license.

Administrator Belletire stated that staff recommend renewal of PGI subject to a restricted license. Various discrepancies and potential areas of concerns have developed as a result of staff investigations. The Administrator stated that a continued investigation is warranted. Specific concerns of staff are certain financial transactions of the company, its principal owners, certain employees and other individuals.

Member Pyatt moved **that the Board approve Progressive Games, Inc.'s application for renewal of its Supplier's license and issue a restricted license for a period of one year expiring February, 1998. I further move that the Board order the following:**

- 1. Progressive Games, Inc. shall assure that future quarterly sales reports are filed on a timely, accurate and complete basis;**
- 2. Progressive Games shall submit to the Board on or before April 15, 1997 an updated and complete Personal Disclosure Form 1 for Donald Jones;**
- 3. Progressive Games shall submit to the Board on or before April 15, 1997 complete personal and financial information specified by the Administrator for Dane Jones and Fred Kassner, including but not limited to financial statements and personal background information;**
- 4. Progressive Games shall submit to the Board on or before April 15, 1997 complete Personal Disclosure Form 1's for all current or former employees of Progressive Games who have received company loans;**
- 5. Progressive Games shall not distribute, introduce or market any new games, services, products or devices in Illinois, except as expressly and individually approved by the Board;**
- 6. Progressive Games shall not sell or lease additional Caribbean Stud, 21 Superbucks or automatic shuffle devices in Illinois, beyond that already in place in Illinois, except as expressly authorized by the Administrator;**
- 7. Progressive Games shall provide the Board with an annual outside audit of the company and its finances for 1996 on or before April 15, 1997;**
- 8. Progressive Games shall provide such information as may be requested by the Administrator regarding the financial and business affairs of Caribbean Manufacturing Co. and any other related parties to Progressive Games; and**
- 9. Progressive Games and its Key Persons and any other persons providing financing to or receiving licensing or royalty payments from the company shall cooperate fully with Board Staff.**

Pursuant to Section 5(c)(15) of the Riverboat Gambling Act, failure to comply with this Board order shall be an independent basis for disciplinary action seeking sanctions up to and including revocation of Progressive Games' Supplier's license.

Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt moved **that the Board direct the Administrator to complete the special investigation regarding Progressive Games' compliance with the Riverboat Gambling Act, the Board's adopted rules and the orders of the Board. I further move that the Board direct the Administrator, upon completion of the special investigation, to recommend appropriate disciplinary action.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Occupational Licenses

Member Browder moved **that the Board approve 49 applications for an Occupational License, Level 2, and 91 applications for an Occupational License, Level 3, and deny 3 applications for an Occupational License, Level 2, and 3 applications for an Occupational License, Level 3.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

Administrative Hearings/ALJ Reports

Member Browder moved **that the Board deny the hearing request submitted by Donald Bradley due to his failure to comply with Board Rule 3000.405.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Complaints and Disciplinary Actions

Member Browder moved **that the complaint for disciplinary action against Doris Ballantine be issued and that her license be revoked. The complaint involves Ms. Ballantine's unauthorized removal of United States currency from the Grand Victoria Casino.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Member Browder moved **that the complaint for disciplinary action against Robin Kowalkowski be issued and that her license be revoked. The complaint involves Ms. Kowalkowski's unauthorized removal of United States currency from the Grand Victoria Casino.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Member Browder moved **that the complaint for disciplinary action against Patricia LaPage be issued and that her license be revoked. The complaint involves Ms. LaPage's unauthorized removal of United States currency from the Grand Victoria Casino.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Member Browder moved **that the complaint for disciplinary action against Kimberly Stevens be issued and that her license be revoked. The complaint involves Ms. Stevens' unauthorized removal of United States currency from the Grand Victoria Casino.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Member Browder moved **that the complaint for disciplinary action against Stacie Thomas be issued and that her license be revoked. The complaint involves Ms. Thomas' unauthorized removal of United States currency from the Grand Victoria Casino.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Member Browder moved **that the complaint for disciplinary action against Delores Werges be issued and that her license be revoked. The complaint involves Ms. Werges' unauthorized removal of United States currency from the Grand Victoria Casino.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Board Policy Items

Kathy Spain, Legislative Liaison, gave a status report on various legislative proposals introduced since January, 1997. Ms. Spain made special note of two bills. HB 117, introduced by Representative Steve Davis, amends the Riverboat Gambling Act by eliminating the admission tax and increasing the wagering tax from 20 percent to 25 percent. Other changes are also made. SB 494, introduced by Representatives Dudycz and Jacobs, authorizes the introduction of video gaming devices in bars, restaurants, fraternal order establishments and racetracks. The Department of Revenue would be responsible for the administration and enforcement of laws relating to video gaming terminals. Mr. Belletire stated that of all the bills introduced during this session, SB 494 could have a negative effect on the integrity of gaming. Mr. Belletire stated that the Board may wish to take a position on this bill.

Member Browder moved **that the Board oppose Senate Bill 494 and direct the Administrator to inform the appropriate State officials of the Board's opposition.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Member Vickrey commented on HB 117. He stated that if this provision passed, it would eliminate funds that the cities use for economic development, and he opposes any such provision.

Mac Ryder, Deputy Legal Counsel, gave a status report on proposed rulemaking. Mr. Ryder noted that the Board undertook a significant rewrite of a major portion of the rules. The Board published this rewrite in August, 1996 and received substantial public comment from the industry. A series of changes were written to reflect the public comments. Mr. Ryder indicated that staff is now ready to submit the second notice with these changes to JCAR.

Member Browder moved **that the Board authorize the Administrator to submit as a second notice filing with the Joint Committee on Administrative Rules, the proposed Rules presented to the Board at this meeting.**

I further move that the Administrator, upon written notification to all members of the Board, may make editing or continuity changes in these proposed rules and may also make adjustments to these proposed rules to reflect specific commentary and concerns. Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

There being no further business to come before the Board, Member Browder moved **that the Board stand adjourned.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote and adjourned at 2:17 p.m.

Respectfully Submitted,

Susan A. Offord
Secretary of the Board